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# ***Projectum ApS***

Tobaksvejen 2A, DK-2860 Søborg

## **Annual Report for 1 July 2020 - 31 December 2021**

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CVR No 27 58 35 98

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
3 /8 2022

Philip Josef Bronsztejn  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board has today considered and adopted the Annual Report of Projectum ApS for the financial year 1 July 2020 - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2020/21.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Søborg, 3 August 2022

## Executive Board

Philip Josef Bronsztejn  
CEO

Peter Charquero Kestenholz  
Executive Officer

Jakob Schou  
Executive Officer

# Independent Auditor's Report

To the Shareholder of Projectum ApS

## Qualified Opinion

In our opinion, except for the potential impact of the matters described in the "Basis for qualified opinion" section of our report, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 July 2020 - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Projectum ApS for the financial year 1 July 2020 - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Qualified Opinion

The company sells software as a service (SaaS), which according to the company's accounting policy is recognized on a straight-line basis over the contract period. In connection with a change in ownership in January 2021, the company has concluded that SaaS revenue has not been recognized in accordance with the described accounting policy, but was recognised when billed.

In connection with the change in ownership in January 2021, the company has performed a review of ongoing contracts and calculated a misstatement as of 1 January 2021 of DKK 5,091,225. Hereof DKK 2,776,010 relates to the financial year 1 July 2019 – 30 June 2020. Deferred income as of 30 June 2020 has increased by DKK 2,776,010 and revenue in the 2019/20 has been decreased with this amount cf. note 10, Accounting policies. It has not been possible to prepare the corresponding calculation as of 30 June 2020 and 30 June 2019 for contracts invoiced before January 2020 and as a result hereof the deferred revenue as per these dates potentially contains material misstatements. Therefore we have not been able to obtain sufficient and appropriate audit evidence for the potential impact of missing deferred revenue as per 30 June 2020 and 30 June 2019. Consequently, we have not been able to determine whether any changes to deferred revenue and equity as of 30 June 2020 and as of 30 June 2019, and of the revenue and profit for the year for the periods 1 July 2020 – 31 December 2021 and 1 July 2019 – 30 June 2020, are necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

# Independent Auditor's Report

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review, however, we draw attention to the section Basis for Qualified Opinion.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to

## Independent Auditor's Report

fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 3 August 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen  
state authorized public accountant  
mne16675

Mads Blichfeldt Henriksen  
state authorized public accountant  
mne46065

## **Company Information**

### **The Company**

Projectum ApS  
Tobaksvejen 2A  
DK-2860 Søborg

CVR No: 27 58 35 98  
Financial period: 1 July - 31 December  
Municipality of reg. office: Gladsaxe

### **Executive Board**

Philip Josef Bronsztejn  
Peter Charquero Kestenholz  
Jakob Schou

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Management's Review

## Key activities

The company's main activity consists of consulting, development, implementation and support of professional portfolio, resource and project management as well as Business Intelligence solutions in typically larger global companies that want to improve, manage and ensure the best possible operation through the efforts of their resources.

## Development in the year

The income statement of the Company for 2020/21 shows a profit of DKK 2,532,558, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 8,074,099.

Projectum was founded in 2004 with the distinct vision of becoming a leading solution partner within Project & Portfolio Management (PPM) Solutions in Northern Europe. As a long-term Microsoft Gold PPM Partner, Projectum has over 15 years of experience within PPM. Over the years, Projectum has developed vast experience and developed best practice approaches to implementing and supporting Microsoft PPM solutions.

Projectum has been through a major transformation during 2019-2021. The decision to move from a "Microsoft Project" consultancy to a "Microsoft Power Platform" consulting and product company, has successfully ensured our long-term sustainability, relevance, and growth. Furthermore, Projectum was acquired by the Broad Horizon Group in January 2021. As such, Projectum is now fully owned by Broad Horizon.

Our customers are found all over the world and span several industries. Customers are typically from small to medium size, and up to very large multinational organizations in both the private and public sectors.

Part of the transformation has been to innovate our IP specialized in strategy execution, project portfolio management, and resource management, all deployed on top of the Microsoft Power Platform and Azure services.

We are closely connected to the Microsoft Project Product Group in Redmond, Seattle, US and are members of the Partner Advisory Council as the only partner in Northern Europe. This ensures deep insights into the future roadmap of the platform and ensures that input from Nordic customers is heard about future product development scenarios.

Today, Projectum is one of the largest Microsoft PPM partners in the world, with customers in most parts of the world, as well as reselling partners in the US, Europe, Ukraine, and the Australia regions (resellers of Projectum IP).

Our accumulated experience means Projectum is the PPM Solution partner with both the right technical expertise, as well as a consulting partner with the necessary industry and process insights. We have been named Danish Microsoft PPM Partner of the Year 5 times in a row and became Winner of the Worldwide



## Management's Review

Microsoft PPM Partner of the Year in 2015, runners-up in 2016 (meaning among the 4 best globally), Winner again in 2017, and runners up in 2018 and 2020.

In January 2021 Projectum was acquired by Broad Horizon, headquartered in the Netherlands. Projectum joined the Broad Horizon group to ensure a stronger foundation for growth and tap into the competencies found within the other companies in the group. One immediate force of the new ownership was the shared Finance and HR services provided, enabling core functions to be professionalized. Another key advantage is that the Danish company Delegate A/S was already within the group and has allowed several cross-sell opportunities and wins across Danish and International borders.

One of the important effects of the new ownership is the fact that Projectum has changed accounting principles. Projectum's financial year now follows the calendar year. Another key component of the new accounting principles is that the value of our IP subscriptions is calculated as deferred value, monthly (still invoiced pre-subscription period, every year).

We have also decided to clean up our financial balance. By this, all open uncertainties have been resolved by 2021. This means that there might be some contingencies in the classification of accounts between 2020 and 2021.

In 2021 the primary focus of Projectum was on continuing our transformation from being a fully focused Project and Portfolio Management (PPM) consultancy business, to being a PPM vendor providing PPM solutions based on our Intellectual Property (IP).

Further to this, we also focused on entering the Broad Horizon family successfully, and managing the effects of Covid-19, from a perspective of keeping our employees safe, as well as ensuring business continuity.

Managing our ongoing transformation, the entrance into the Broad Horizon family, and the effects of Covid-19 was, and still is, a success. However, we did experience the effects of Covid-19 late in 2021, where both our employees and our customers were affected. This also affected our results, to a minor extent.

In 2021 we successfully launched two new subscription products: Time for Teams (for time registration) and Power Hub (for data management). The market had a great reception, and these two products are now part of many of our customer's PPM solutions together with our other PPM products, Power PPM, Team Planner, and Present It.

Our subscription base is growing – and the recurring revenue share also grew in 2021. New customers were onboarded every month. As such, 80% of our recurring revenue is based in Europe, while Asia-Pacific and US markets account for approximately 10% each.

To enable our growth Projectum invested in our Product Development, our Marketing efforts (Projectum First, White Paper campaign, Customer cases, and many more things), as well as in the continued enablement of our world-class consulting organization.

## **Management's Review**

In 2022, and the following years, we will continue to have a split focus, on both continuing to be the best PPM consulting house – as well as providing our PPM IP. Our revenue will continue to be based on consulting (non-recurring revenue) and subscription-based products (recurring revenue).

We expect to grow and invest in our Partner program, to enable a wider spread of our IP footprint around the world. This investment will be made alongside our ongoing investment in our employees (having the most modern workplace and most attractive work culture), and our IP.

From a Broad Horizon Group perspective, Projectum will continue to seek out opportunities for enabling our customers with the quality services provided across the group – as well as ensuring that customers within the entire group, get access to Projectum's services.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 July - 31 December

	Note	01.07.20 31.12.21 DKK	01.07.19 30.06.20 DKK
<b>Gross profit/loss</b>		<b>62.241.941</b>	<b>34.637.141</b>
Staff expenses	1	-54.756.517	-32.658.421
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-3.920.372	-2.338.259
Other operating expenses		0	-4.669
<b>Profit/loss before financial income and expenses</b>		<b>3.565.052</b>	<b>-364.208</b>
Income from investments in subsidiaries		87.444	270.507
Financial income	3	0	84.096
Financial expenses		-163.473	-287.497
<b>Profit/loss before tax</b>		<b>3.489.023</b>	<b>-297.102</b>
Tax on profit/loss for the year	4	-956.465	-507.986
<b>Net profit/loss for the year</b>		<b>2.532.558</b>	<b>-805.088</b>

## Distribution of profit

### Proposed distribution of profit

Reserve for net revaluation under the equity method	87.444	0
Retained earnings	2.445.114	-805.088
	<b>2.532.558</b>	<b>-805.088</b>

# Balance Sheet 31 December

## Assets

	Note	31.12.21 DKK	30.06.20 DKK
Completed development projects		5.986.022	3.015.968
<b>Intangible assets</b>	5	<b>5.986.022</b>	<b>3.015.968</b>
Other fixtures and fittings, tools and equipment		551.879	349.147
<b>Property, plant and equipment</b>	6	<b>551.879</b>	<b>349.147</b>
Investments in subsidiaries	7	949.793	862.349
Deposits		546.161	566.469
<b>Fixed asset investments</b>		<b>1.495.954</b>	<b>1.428.818</b>
<b>Fixed assets</b>		<b>8.033.855</b>	<b>4.793.933</b>
Trade receivables		14.882.076	5.819.795
Receivables from group enterprises		3.438.902	3.181.818
Other receivables		3.648.977	228.688
Corporation tax		172.835	489.348
Prepayments		0	20.000
<b>Receivables</b>		<b>22.142.790</b>	<b>9.739.649</b>
<b>Cash at bank and in hand</b>		<b>910.362</b>	<b>1.658.523</b>
<b>Currents assets</b>		<b>23.053.152</b>	<b>11.398.172</b>
<b>Assets</b>		<b>31.087.007</b>	<b>16.192.105</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	31.12.21 DKK	30.06.20 DKK
Share capital		138.889	138.889
Reserve for net revaluation under the equity method		949.271	861.827
Reserve for development costs		4.669.096	2.352.454
Reserve for loans and security		2.524	2.524
Retained earnings		2.314.319	-1.506.703
<b>Equity</b>		<b>8.074.099</b>	<b>1.848.991</b>
Provision for deferred tax		1.196.348	555.883
<b>Provisions</b>		<b>1.196.348</b>	<b>555.883</b>
Other payables		2.464.201	2.527.375
<b>Long-term debt</b>	8	<b>2.464.201</b>	<b>2.527.375</b>
Credit institutions		0	41.835
Prepayments received from customers		0	73.227
Trade payables		763.868	454.660
Payables to group enterprises		4.418.601	0
Other payables	8	4.769.150	7.875.459
Deferred income		9.400.740	2.814.675
<b>Short-term debt</b>		<b>19.352.359</b>	<b>11.259.856</b>
<b>Debt</b>		<b>21.816.560</b>	<b>13.787.231</b>
<b>Liabilities and equity</b>		<b>31.087.007</b>	<b>16.192.105</b>
Contingent assets, liabilities and other financial obligations	9		
Accounting Policies	10		

## Statement of Changes in Equity

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for development costs	Reserve for loans and security	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity primo	138.889	861.827	2.352.454	2.524	658.587	4.014.281
Net effect of correction of material misstatements	0	0	0	0	-2.165.803	-2.165.803
Adjusted equity at 1 July	138.889	861.827	2.352.454	2.524	-1.507.216	1.848.478
Contribution from group	0	0	0	0	3.693.063	3.693.063
Development costs for the year	0	0	2.316.642	0	-2.316.642	0
Net profit/loss for the year	0	87.444	0	0	2.445.114	2.532.558
<b>Equity ultimo</b>	<b>138.889</b>	<b>949.271</b>	<b>4.669.096</b>	<b>2.524</b>	<b>2.314.319</b>	<b>8.074.099</b>

## Notes to the Financial Statements

	01.07.20 31.12.21 <u>DKK</u>	01.07.19 30.06.20 <u>DKK</u>
<b>1 Staff expenses</b>		
Wages and salaries	48.650.019	29.117.868
Pensions	4.261.316	2.523.425
Other social security expenses	548.160	275.895
Other staff expenses	1.297.022	741.233
	<u><b>54.756.517</b></u>	<u><b>32.658.421</b></u>
<b>Average number of employees</b>	<u><b>43</b></u>	<u><b>43</b></u>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	3.494.868	1.570.204
Depreciation of property, plant and equipment	425.504	768.055
	<u><b>3.920.372</b></u>	<u><b>2.338.259</b></u>
<b>3 Financial income</b>		
Interest received from group enterprises	0	84.096
	<u><b>0</b></u>	<u><b>84.096</b></u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	316.000	121.372
Deferred tax for the year	640.465	386.614
	<u><b>956.465</b></u>	<u><b>507.986</b></u>

# Notes to the Financial Statements

## 5 Intangible assets

	Completed development projects <u>DKK</u>
Cost primo	5.701.377
Additions for the year	<u>6.486.820</u>
Cost ultimo	<u>12.188.197</u>
Impairment losses and amortisation primo	2.685.409
Amortisation for the year	<u>3.516.766</u>
Impairment losses and amortisation ultimo	<u>6.202.175</u>
<b>Carrying amount at 31 December</b>	<b><u>5.986.022</u></b>

Completed development projects consist of development of following apps:

Projectum Power PPM

From our extensive knowledge of working with portfolios and programs from large national and international companies, a new platform has been created in PowerApps, which contains many of the functions and options that our previous platforms contain and which gives organizations options which are demanded. For example, division into portfolios, benefit realization, programs, projects and agile teams' demand of for sprints and kanban boards. Everything is tied together on a platform that is expected to be the future platform of a lot of work related to Work Management.



# Notes to the Financial Statements

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost primo	1.654.036
Additions for the year	628.235
Disposals for the year	<u>-29.935</u>
Cost ultimo	<u>2.252.336</u>
Impairment losses and depreciation primo	1.304.888
Depreciation for the year	425.082
Reversal for the year of previous years' impairment losses	<u>-29.513</u>
Impairment losses and depreciation ultimo	<u>1.700.457</u>
<b>Carrying amount at 31 December</b>	<b><u>551.879</u></b>

## Notes to the Financial Statements

	31.12.21 DKK	30.06.20 DKK
<b>7 Investments in subsidiaries</b>		
Cost primo	522	522
Cost ultimo	522	522
Value adjustments primo	861.827	693.369
Exchange adjustment	0	-1.439
Net profit/loss for the year	83.390	270.507
Dividend to the Parent Company	0	-100.610
Other adjustments	4.054	0
Value adjustments ultimo	949.271	861.827
<b>Accounting value ultimo</b>	<b>949.793</b>	<b>862.349</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Projectum Netherlands B.V.	Holland		90%	1.138.716	83.390

# Notes to the Financial Statements

## 8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>31.12.21</u> DKK	<u>30.06.20</u> DKK
<b>Other payables</b>		
After 5 years	2.464.201	2.527.375
Long-term part	<u>2.464.201</u>	<u>2.527.375</u>
Other short-term payables	<u>4.769.150</u>	<u>7.875.459</u>
	<b><u>7.233.351</u></b>	<b><u>10.402.834</u></b>

## 9 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	<u>1.003.974</u>	<u>1.496.000</u>
	<b><u>1.003.974</u></b>	<b><u>1.496.000</u></b>

### Other contingent liabilities

The Danish group related companies are jointly and severally liable for tax on the Danish group's jointly taxed income etc. Broad Horizon Denmark ApS is the management company in relation to joint taxation. The group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation tax and withholding tax may result in the company's liability amounting to a larger amount.

# Notes to the Financial Statements

## 10 Accounting Policies

The Annual Report of Projectum ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020/21 are presented in DKK.

### Change of financial year

The company has changed its financial year from 01.07 - 30.06 to 01.01 - 31.12. The first financial year after the change is the period 01.07.19 - 31.12.21. The change is as result of the change of control which occurred on 13 January 2021. The comparative figures are therefore not comparable since the financial information for the comparative year are for 12 months and the current year is for 18 months.

### Change in comparison figures

Deferred revenue as of 30 June 2020 has been restated and the comparison figures has been amended as a result hereof. Deferred revenue as of 30 June 2020 has been adjusted by DKK 2,776,010 why deferred income has been changed from DKK 38,665 to DKK 2,814,675, payable Corporate tax has been changed from DKK 121,372 to receivable DKK 437,372, profit before tax has been changed from 2,478,907 to DKK (297,102), profit after tax has been changed from DKK 1,970,921 to DKK (194,368) and the equity has been changed from 4,014,281 to DKK 1,848,991.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Cost of sales

Cost of sales comprise subcontractors, task-specific travel costs, purchases for resale, etc.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Development projects are recognized in the balance sheet where the project intends to develop a specific product or a specific process that the company intends to sell as SaaS solutions. Development projects are measured on initial recognition at cost. The cost price includes the acquisition price with the addition of costs directly incurred by the acquisition, including salaries and depreciation that can be directly attributed to the development projects until the asset is ready for use. Interest on loans to finance development projects during the development period is not recognized in the cost price. Other development projects and development costs are recognized in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated depreciation and write-downs.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.



# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.